

STATEMENT OF PURPOSE

RS18675

This legislation will provide that the optional underinsured vehicle coverage purchased by the consumer will be available in its entirety when it is needed, should the insurance of the at-fault driver be exhausted by medical bills, lost wages, and other damages. In the states where it is allowed, almost all automobile insurance companies insert a clause in the policy that requires a deduction from the coverage limits of the injured driver's underinsured policy by the exact amount of the at-fault driver's policy. The consumer is rarely aware of this practice, and it has the practical effect of always reducing or eliminating entirely the underinsurance purchased by the injured driver. Although currently permitted in Idaho, this practice has been prohibited in many other states. This legislation will ensure that when consumers buy an optional underinsurance policy, they will always have exactly what they paid for when the at-fault policy runs out.

FISCAL NOTE

This bill will benefit the state general fund in amounts yet to be determined when tax dollars are spent on medical bills in excess of \$25,000 in third party auto accidents. It will significantly increase the available underinsured insurance dollars for reimbursements on medical bills paid initially by the state CAT fund or Idaho Medicaid. It will similarly benefit the counties in assisting them in reimbursements for their Indigent Fund payments in these circumstances.

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